

Message Text

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ACTION EB-08

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PARIS FOR USOECD

USDOC FOR MAJOR EXPORT PROJECTS

FROM AMBASSADOR WELLS

E.O. 11652: N/A
TAGS: OCON, ECOSOC
SUBJECT: UN COMMITTEE OF THE WHOLE (COW)

1. WOULD LIKE TO SUGGEST THAT AN INITIATIVE TO STIMULATE
FURTHER CO-FINANCING BE PRESENTED AS A PROPOSAL AT
SEPTEMBER COW MEETING IN ORDER TO "CONCLUDE" THE ITEM ON
"TRANSFER OF RESOURCES" BROUGHT FORWARD FROM MAY MEETING.
EXPANSION OF CO-FINANCING PRINCIPLE HAS BEEN UNDER
DISCUSSION IN DAC (SEE DAC (78)16) AND HAS ALSO FIGURED
IN RECENT UK THINKING. SUCH A PROPOSAL WOULD BE
PRIMARILY DIRECTED TO THE MOBILIZATION OF INVESTMENT
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FLows TO THE DEVELOPING COUNTRIES THROUGH GREATER
PARTICIPATION OF THE COMMERCIAL BANKING SECTOR VIA THE
CO-FINANCING MECHANISM. COUPLED WITH THE POSITIVE
LANGUAGE ON THE BENEFITS OF INVESTMENT UNDER PROPER
CONDITIONS (INCLUDING A SUCCESSFUL CONCLUSION TO CODE
OF CONDUCT ON TNC'S) WHICH WAS AGREED TO AT MAY MEETING
BEFORE THE TEXT NEGOTIATIONS BROKE DOWN, AN INITIATIVE

ON CO-FINANCING COULD BECOME THE "CONCEPTUAL BREAKTHROUGH"
CHAIRMAN JAZAIRY IS LOOKING FOR AS A RESULT OF THE
COMMITTEE'S WORK. SUCH A PROPOSAL WOULD ALSO HAVE THE
ADVANTAGE OF ADDING CONTENT TO THE NEW FORMAT FOR
FUTURE COW MEETINGS THAT USG HAS BEEN SUGGESTING. IN
OTHER WORDS, AFTER A PERIOD OF REFLECTION IN CAPITALS
FOLLOWING INTENSE DISCUSSION OF A SUBJECT, IT WAS
POSSIBLE TO COME UP WITH AN INITIATIVE.

2. IF DEPARTMENT SEES MERIT IN SUCH AN INITIATIVE, A
FURTHER ASPECT THAT MIGHT BE CONSIDERED IS THAT OF
RAISING THE AFRICAN TRANSPORT AND COMMUNICATIONS DECADE
(ATCD) IN THE CO-FINANCING CONTEXT. THE CO-FINANCING
MECHANISM HAS THUS FAR BEEN CONFINED TO A RATHER LIMITED
NUMBER OF PRIVILEGED MIDDLE-INCOME COUNTRIES AND TO
INDUSTRIAL PROJECTS WITH TRADITIONAL CASH FLOW RETURNS.
THE REAL CHALLENGE TO BE DEALT WITH IS THAT OF FINANCING
IN LOW-INCOME COUNTRIES AND FOR INFRASTRUCTURE PROJECTS.
THE ATCD WITH ITS COMMITMENT FROM CIEC NON ONLY PROVIDES
THAT CHALLENGE BUT ALSO THE OPPORTUNITY TO MAINTAIN, OR
EVEN INCREASE, THE FLOW OF PRIVATE FINANCE INTO
COMMODITY PRODUCTION. AT THE SAME TIME, IT WOULD APPEAR
THAT INFRASTRUCTURE IS AN ESSENTIAL COMPONENT FOR
IMPLEMENTING A BASIC HUMAN NEEDS DEVELOPMENT STRATEGY,
MOST CERTAINLY IN THE CASE OF RURAL DEVELOPMENT.

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3. IT IS MY STRONG IMPRESSION THAT SUCH AN INITIATIVE
WOULD BE WELCOMED BY G-77, A NUMBER OF WHOM ARE FULLY
AWARE OF THE STATE OF SIEGE THAT OUR AID BILL IS UNDER-
GOING. PROPOSAL TO STIMULATE CO-FINANCING WOULD ALSO
BE OF INTEREST TO US ENGINEERING, DESIGN CONSTRUCTION
AND CAPITAL EQUIPMENT SECTORS. MOST IMPORTANT OF ALL,
AS IS ELOQUENTLY STATED IN DAC (78)16, "ONE REASON FOR
THE PRESENT WORLD ECONOMIC STAGNATION IS THAT ECONOMIC
OPERATORS ARE LOCKED INTO A PSYCHOLOGICAL STALEMATE
CHARACTERIZED BY A WIDESPREAD FEELING OF UNCERTAINTY
WHICH FEEDS ON ITSELF...AS PUMP-PRIMING MEASURES IN
THIS CONTEXT, EVEN LIMITED GOVERNMENT ACTIONS..COULD
BECOME POWERFUL LEVERS AND CATALYSTS TO MOBILIZE
INITIATIVES BY INTERNATIONAL BANKING COMMUNITY, MULTI-
LATERAL ENTERPRISES AND THE PRIVATE SECTOR WITHIN
OECD COUNTRIES". VANDEN HEUVEL

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